

AMENDED IN SENATE APRIL 7, 2005

AMENDED IN SENATE MARCH 29, 2005

**SENATE BILL**

**No. 692**

**Introduced by Senator Morrow**

February 22, 2005

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An act ~~relating to immigration~~ to amend Section 329 of the Unemployment Insurance Code, relating to undocumented workers.

LEGISLATIVE COUNSEL'S DIGEST

SB 692, as amended, Morrow. ~~Immigration study~~ Undocumented workers.

~~Existing law~~

(1) Existing law sets forth the membership of the Joint Enforcement Strike Force on the Underground Economy, and the duties of the strike force in the development and sharing of information between participating agencies with respect to enforcement of employment tax requirements.

This bill would include representatives from the California Highway Patrol within the membership of the strike force.

(2) Existing law sets out various provisions governing undocumented aliens in the state.

This bill would require the ~~office of the Legislative Analyst~~ California State University to conduct a detailed, comprehensive study of the benefits and costs to the state of illegal immigration, to include specified components, and report its findings to the Governor and the Legislature no later than July 1, 2006.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 329 of the Unemployment Insurance*  
2     *Code is amended to read:*

3     329. (a) The director, or his or her designee, shall serve as  
4     Chairperson of the Joint Enforcement Strike Force on the  
5     Underground Economy provided for in Executive Order  
6     W-66-93. The strike force shall include, but not be limited to,  
7     representatives of the *California Highway Patrol*, the  
8     Employment Development Department, the Department of  
9     Consumer Affairs, the Department of Industrial Relations, the  
10    Department of Insurance, and the Office of Criminal Justice  
11    Planning. Other agencies that are not part of the administration,  
12    such as the Franchise Tax Board, the State Board of  
13    Equalization, and the Department of Justice, are encouraged to  
14    participate in the strike force.

15    (b) The strike force shall have the following duties:

16    (1) To facilitate and encourage the development and sharing of  
17    information by the participating agencies necessary to combat the  
18    underground economy.

19    (2) To improve the coordination of activities among the  
20    participating agencies.

21    (3) To develop methods to pool, focus, and target the  
22    enforcement resources of the participating agencies in order to  
23    deter tax evasion and maximize recoveries from blatant tax  
24    evaders and violators of cash-pay reporting laws.

25    (4) To reduce enforcement costs wherever possible by  
26    eliminating duplicative audits and investigations.

27    (c) In addition, the strike force shall be empowered to:

28    (1) Form joint enforcement teams when appropriate to utilize  
29    the collective investigative and enforcement capabilities of the  
30    participating members.

31    (2) Establish committees and rules of procedure to carry out  
32    the activities of the strike force.

33    (3) To solicit the cooperation and participation of district  
34    attorneys and other state and local agencies in carrying out the  
35    objectives of the strike force.

36    (4) Establish procedures for soliciting referrals from the  
37    public, including, but not limited to, an advertised telephone  
38    hotline.

1 (5) Develop procedures for improved information sharing  
2 among the participating agencies, such as shared automated  
3 information database systems, the use of a common business  
4 identification number, and a centralized debt collection system.

5 (6) Develop procedures to permit the participating agencies to  
6 use more efficient and effective civil sanctions in lieu of criminal  
7 actions wherever possible.

8 (7) Evaluate, based on its activities, the need for any statutory  
9 change to do any of the following:

10 (A) Eliminate barriers to interagency information sharing.

11 (B) Improve the ability of the participating agencies to audit,  
12 investigate, and prosecute tax and cash-pay violations.

13 (C) Deter violations and improve voluntary compliance.

14 (D) Eliminate duplication and improve cooperation among the  
15 participating agencies.

16 (E) Establish shareable information databases.

17 (F) Establish a common business identification number for use  
18 by participating agencies.

19 (G) Establish centralized, automated debt collection services  
20 for the participating agencies.

21 (H) Strengthen civil penalty procedures to allow the strike  
22 force to emphasize civil rather than criminal penalties wherever  
23 possible.

24 (d) The strike force shall report to the Governor and the  
25 Legislature annually during the period of its existence, by June  
26 30, of each year, regarding its activities.

27 The report shall include, but not be limited to, all of the  
28 following:

29 (1) The number of cases of blatant violations and  
30 noncompliance with tax and cash-pay laws identified, audited,  
31 investigated, or prosecuted through civil action or referred for  
32 criminal prosecution.

33 (2) Actions taken by the strike force to publicize its activities.

34 (3) Efforts made by the strike force to establish an advertised  
35 telephone hotline for receiving referrals from the public.

36 (4) Procedures for improving information sharing among the  
37 agencies represented on the strike force.

38 (5) Steps taken by the strike force to improve cooperation  
39 among participating agencies, reduce duplication of effort, and  
40 improve voluntary compliance.

(6) Recommendations for any statutory changes needed to accomplish the goals described in paragraph (7) of subdivision (c).

~~SECTION 1.~~

~~SEC. 2.~~ (a) ~~The office of the Legislative Analyst~~ *California State University* shall conduct a detailed, comprehensive study of the benefits and costs to the state of illegal immigration, which shall include, at a minimum, all of the following components:

(1) An assessment of the number of illegal immigrants that currently reside in California and the historical and projected rates of growth in this population.

(2) Effects on wholesale and retail prices and on labor costs in agriculture and other industries employing large numbers of illegal immigrants, including any benefits to consumers.

(3) A determination of what numbers and percentages of undocumented workers are paid “above the table” and what numbers and percentages are paid “below the table.”

(4) Effects on unemployment levels and wage levels of American citizens and resident legal aliens in California.

(5) Effects on productivity of industries in the state, especially agriculture, construction and textiles.

(6) Effects on premiums on all types of insurance.

(7) Effects on costs of law enforcement and corrections.

(8) Effects on costs of delivering medical care, especially, but not limited to, hospital emergency rooms.

(9) Effects on costs of K-12 education and higher education.

(10) Effects on costs of social services.

(b) ~~The office~~ *state university* shall report its findings to the Governor and the Legislature no later than July 1, 2006.